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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

- - - - - X  
:  
In re: : Chapter 11  
:  
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :  
:  
Debtors. : Jointly Administered  
- - - - - X

**DEBTORS' MOTION FOR ENTRY OF ORDER PURSUANT TO  
BANKRUPTCY CODE SECTIONS 105(a), 362(d)(1), AND 365(a),  
AND BANKRUPTCY RULES 4001 AND 6006, AND LOCAL BANKRUPTCY  
RULE 4001 (I) AUTHORIZING REJECTION OF SURETY BONDS, (II)  
MODIFYING THE AUTOMATIC STAY FOR THE LIMITED PURPOSE OF  
ALLOWING SAFECO INSURANCE COMPANY OF AMERICA TO COMMENCE  
CANCELLATION OF SURETY BONDS, (III) ESTABLISHING SURETY  
BOND CLAIM DEADLINE, AND (IV) GRANTING RELATED RELIEF**

The debtors and debtors in possession in the  
above-captioned jointly administered cases (collectively,

the "Debtors")<sup>1</sup> hereby move (the "Motion"), pursuant to sections 105(a), 362(d)(1), and 365(a) of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rules 4001 and 6006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 4001 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Eastern District of Virginia (the "Local Rule"), for entry of an order (the "Order"), (I) authorizing rejection of the Debtors' surety bonds, (II) modifying the automatic stay for the limited purpose of allowing Safeco Insurance Company of America to commence cancellation of surety bonds, (III) establishing a surety bond claim deadline, and (IV) granting related

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<sup>1</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

relief. In support of the Motion, the Debtors respectfully state as follows:

#### **JURISDICTION AND VENUE**

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105, 362, and 365 and Bankruptcy Rules 4001 and 6006, and Local Rule 4001.

#### **BACKGROUND**

3. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

4. On November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee"). To date, no trustee or examiner has been appointed in these chapter 11 cases.

5. On January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales pursuant to the Agency Agreement at the Debtors' remaining stores. On or about March 8, 2009, the going out of business sales concluded.

**RELIEF REQUESTED**

6. By this Motion, the Debtors seek entry of an order, substantially in the form attached hereto (the "Order"), authorizing the Debtors to reject the Surety Bonds (as defined herein). Additionally, the Debtors seek modification of the automatic stay under Bankruptcy Code sections 105(a) and 362(d)(1), Bankruptcy Rule 4001 and Local Rule 4001 for the limited purpose of allowing Safeco Insurance Company of America ("Safeco") to commence cancellation of the Debtors' outstanding Surety Bonds. In connection therewith, the Debtors further request under Bankruptcy Code section 105(a), that the Court establish a deadline by which any obligee

("Obligee")<sup>2</sup> to a Surety Bond that is cancelled pursuant to the Order must file a Surety Bond Claim with Safeco (the "Surety Bond Claim Deadline"). The Debtors request that the Court establish a Surety Bond Claim Deadline that is sixty (60) days after the occurrence of the Surety Bond Cancellation Effective Date (as defined herein). Lastly, the Debtors request that the Court direct Safeco to return unused funds drawn from the Safeco LC (as defined herein) as the Surety Bond Deadline (as defined herein) expires in accordance with the procedures described in this Motion.

#### **BASIS FOR RELIEF**

##### **A. The Relationship Between The Debtors And Safeco.**

7. Circuit City Stores, Inc. executed that certain agreement dated July 9, 1992 (the "General Indemnity Agreement"), pursuant to which Circuit City Stores, Inc., as principal, agreed to indemnify Safeco,<sup>3</sup>

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<sup>2</sup> For the purposes of this Motion, an Obligee is the party named in a Surety Bond to whom the Debtors as Surety Bond principals and Safeco as the surety guarantee that they will fulfill their obligations.

<sup>3</sup> The General Indemnity Agreement provides that any one or combination of the following may act as surety under any bond: SAFECO Insurance Company of America; General Insurance Company of America; First National Insurance Company of America; and, SAFECO  
(cont'd)

as surety, from all losses and expenses in connection with any surety bonds (the "Surety Bonds") for which Safeco agreed to become surety. Safeco issued numerous Surety Bonds on behalf of the Debtors after Circuit City executed the General Indemnity Agreement.

8. To secure their obligations under the General Indemnity Agreement, the Debtors arranged for a letter of credit in favor of Safeco (the "Safeco LC") through Bank of America, N.A. The Safeco LC was scheduled to expire on July 11, 2009, and Bank of America was unwilling to extend the Safeco LC. As a result, on or about June 16, 2009, Safeco drew down the remaining amount of the Safeco LC in the amount of \$4,700,000, which Safeco is currently holding or has used to pay Surety Bond Claims.

9. At present, the Debtors are principals, and Safeco is surety, to in excess of one hundred (100) Surety Bonds. A list of the Debtors' outstanding Surety

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*(cont'd from previous page)*

National Insurance Company. For the purposes of this Motion, all potential sureties under the General Indemnity Agreement shall be referred to herein as "Safeco".

Bonds is attached hereto as Exhibit B.<sup>4</sup> The Surety Bonds were issued for myriad purposes, including but not limited to, securing the payment of utility services, taxes, importer duties, various state licenses and fees, and pursuant to various statutes.

10. Under the Surety Bonds, the Debtors and Safeco have potential joint and/or several liability in excess of \$5 million. Additionally, pursuant to the General Indemnity Agreement, the Debtors may also be liable to Safeco for other amounts.

11. Since the filing of these chapter 11 cases, Safeco has received in excess of forty pre-petition claims and several post-petition claims against the Debtors' outstanding Surety Bonds. The aggregate amount of the Surety Bond claims is, presently, in excess of \$1,000,000.00.

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<sup>4</sup> Notwithstanding the list of Surety Bonds attached hereto as Exhibit B, Safeco and the Debtors have and/or may have executed other Surety Bonds which are not set forth on Exhibit B. Safeco and the Debtors agree that any such Surety Bonds shall be deemed to be included on the list of Surety Bonds attached as Exhibit B.

**B. Rejection And Cancellation Of The Surety Bonds.**

12. Because the Debtors are in the process of liquidating their assets for the benefit of their creditors, and the Debtors have closed and vacated the premises of all of their retail stores, the Surety Bonds are no longer necessary for the Debtors to carry on their businesses and they are burdensome to the Debtors' bankruptcy estates. Accordingly, the Debtors are seeking to reject the Surety Bonds pursuant to 11 U.S.C. § 365(a).

13. Furthermore, the Debtors wish to exercise their rights and abilities to cancel many, if not all, of the Surety Bonds. Many of the Surety Bonds authorize Safeco, either pursuant to the terms of the Surety Bonds and/or by relevant statute and/or regulation, to provide a notice of the cancellation of the Surety Bonds to the respective Surety Bonds' Obligees effective as of a certain date (the "Cancellation Effective Date").

14. The Debtors and Safeco have agreed to cooperate in the process of canceling the Surety Bonds, whether it is by the Debtors' actions or Safeco's actions. Although the Debtors believe that the Debtors



are permitted to cancel the Surety Bonds without violating the automatic stay, out of an abundance of caution and to ensure that Safeco does not run afoul of the automatic stay, the Debtors and Safeco have determined that modifying the automatic stay would be prudent before any cancellations are commenced. Once the stay is modified, either the Debtors or Safeco, or both, will take all necessary and appropriate actions to cancel the Surety Bonds.

**C. Cancellation Procedures And The Surety Bond Claim Deadline.**

15. As Surety Bonds are cancelled, the Debtors and Safeco anticipate that certain Obligees may make claims against such Surety Bonds. To streamline the claims' process, the parties request that the court approve the following procedures and establish a Surety Bond Claim Deadline.

16. In order to commence cancellation of any Surety Bond, Safeco shall provide written notice to the Debtors, through the Debtors' counsel, of Safeco's intent to take the necessary and appropriate actions to cancel one or more specifically named Surety Bonds, and

Safeco shall attach a copy of each specifically named Surety Bond to its notice.

17. Within ten business days after the date of receipt of the notice, the Debtors may provide Safeco with their written consent with respect to any Surety Bond(s) that Safeco seeks to terminate. The Debtors' failure to respond within ten (10) business days of receipt of Safeco's written notice shall be deemed to be the Debtors' written objection, in which case Safeco shall not be permitted to take any further action without either the Debtors' subsequent written consent or pursuant to a subsequent court order.

18. In the event the Debtors consent to Safeco's cancellation of any such Surety Bond(s), the Debtors shall file a notice with this Court of Safeco's intent to cancel certain Surety Bonds (each a "Cancellation Notice"), in the form attached hereto as Exhibit C, and serve a copy of such Cancellation Notice on each of the Obligees as provided in each of the Surety Bonds or as required by statute or regulation and counsel to Safeco. The date set forth in the Cancellation Notice as the date the Surety Bond(s) will

be deemed cancelled shall be known as the Cancellation Effective Date. The Cancellation Effective Date will occur sixty (60) days after the Cancellation Notice is filed with the Court. In the event a Surety Bond, by its terms, requires more than sixty (60) days notice before the cancellation will be effective, the last day of the term prescribed by the Surety Bond will be that Surety Bond's Cancellation Effective Date. As of the date the Cancellation Notice is filed, Safeco shall be authorized to take the immediate, necessary and appropriate actions to cancel any Surety Bond(s) subject to the Cancellation Notice.

19. The Debtors further request that the Court establish a Surety Bond Claim Deadline. Pursuant to the Surety Bond Claim Deadline, each Surety Bond Obligee must file a Surety Bond Claim with Safeco on account of any and all claims arising from or related to its cancelled Surety Bond no later than sixty (60) days after the applicable Cancellation Effective Date as provided for in the Cancellation Notice filed by the Debtors. The failure of a Surety Bond Obligee to file such a Surety Bond Claim shall release and discharge the

Debtors and Safeco from any such Surety Bond Claim that could have been made by the Surety Bond Obligee, and any such Surety Bond Claim shall be barred against the Debtors and Safeco forever by court order.

20. Establishing a Surety Bond Claim Deadline allows the Debtors to efficiently administer their estates and will not prejudice the Surety Bond Obligees. After the occurrence of the Surety Bond Cancellation Effective Date, the Obligees will be granted an additional sixty (60) days to file Surety Bond Claims with Safeco on account of the cancelled Surety Bonds. At the same time, the Surety Bond Claim Deadline will ensure that the Debtors and Safeco receive any such Surety Bond Claims by a date certain so that the Debtors and Safeco can quickly and efficiently respond to such Surety Bond Claims and the Debtors can move forward with the administration of their bankruptcy cases.

**D. Return of the Safeco LC funds to the Debtors' Estates.**

21. As previously stated, on June 16, 2009, Safeco drew down the remaining amount of the Safeco LC in the amount of \$4,700,000, which Safeco is currently

holding or has used to pay valid Surety Bond Claims. After the expiration of the Surety Bond Claim Deadline, Safeco will know with some certainty whether a Surety Bond Claim has been made against a cancelled Surety Bond, and if so, in what amount.

22. In the event any Surety Bond Claim is less than the total penal sum of the applicable cancelled Surety Bond, the Debtors request that any Order entered hereunder direct Safeco to return a portion of the Safeco LC, which portion will be equal to the total penal sum of the cancelled Surety Bond(s) less any Surety Bond Claim(s) made against the Surety Bond.

#### **APPLICABLE AUTHORITY**

##### **I. REJECTION OF THE SURETY BONDS IS APPROPRIATE UNDER BANKRUPTCY CODE SECTION 365(A).**

23. Bankruptcy Code section 365(a) provides that a debtor, "subject to the court's approval, may assume or reject any executory contract or unexpired lease." 11 U.S.C. § 365(a). Courts have held that surety bonds are executory contracts. See, e.g., In the Matter of Edwards Mobile Home Sales, Inc., 119 B.R. 857 (Bankr. M.D. Fla. 1990) (holding that surety bonds are

executory contracts); In re Wegner Farms Company, 49 B.R. 440 (Bankr. N.D. Iowa 1985) (same).

24. Like other executory contracts, rejection of surety bonds is governed by the "business judgment" standard. See Lubrizol Enterprises, Inc. v. Richmond Metal Finishers, Inc., 756 F.2d 1043, 1046-47 (4th Cir. 1985), cert. denied sub nom., Lubrizol Enters., Inc. v. Canfield, 475 U.S. 1057 (1986); In re Extraction Technologies of VA, L.L.C., 296 B.R. 393, 399 (Bankr. E.D. Va. 2001); see also In re HQ Global Holdings, Inc., 290 B.R. 507, 511 (Bankr. D. Del. 2003) (stating that a debtor's decision to reject an executory contract is governed by the business judgment standard and can only be overturned if the decision was the product of bad faith, whim, or caprice).

25. Once a debtor articulates a valid business justification, "[t]he business judgment rule 'is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.'" Official Comm. Of Subordinated Bondholders v. Integrated

Res., Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)).

26. The business judgment rule has vitality in chapter 11 cases and shields a debtor's management from judicial second-guessing. See Comm. Of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp., 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) ("[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor's management decisions.").

27. As set forth above, the Debtors have satisfied the "business judgment" standard for rejecting the Surety Bonds. The Surety Bonds are financially burdensome and unnecessary to the Debtors' estates. Moreover, the Surety Bonds do not provide any economic benefit to the Debtors, nor are they a source of potential value for the Debtors' bankruptcy estates. Indeed, the proposed rejection of the Surety Bonds is tailored to minimize administrative expenses and maximize distributions to creditors in these chapter 11 cases.

28. Accordingly, rejection of the Surety Bonds reflects the sound exercise of the Debtors' business judgment.

**II. THE AUTOMATIC STAY SHOULD BE MODIFIED UNDER SECTION 362(D)(1) TO PERMIT THE DEBTORS AND SAFECO TO COMMENCE CANCELLATION OF THE SURETY BONDS.**

**A. The Automatic Stay Should Be Modified Before The Surety Bonds May Be Cancelled.**

29. Rejection of an executory contract under 11 U.S.C. § 365(a) does not automatically result in the cancellation of the contract. See Cromwell Field Associates, LLP v. May Department Stores Company, 5 Fed. Appx. 186, 188 (4<sup>th</sup> Cir. 2001) (unpublished) ("As a rule, the rejection of a lease gives rise to a pre-petition breach . . . but does not terminate the lease."); In re Lucash, 370 B.R. 664, 670 n.5 (Bankr. E.D. Va. 2007); In re Park, 275 B.R. 253, 256 (Bankr. E.D. Va. 2002); In re El Paso Refinery, L.P., 220 B.R. 37, 47 (Bankr. W.D. Tex. 1998). Because rejection of the Surety Bonds will not result in their automatic cancellation, the Debtors and Safeco should take some affirmative action in order to effectuate cancellation of the Surety Bonds.



30. In order for Safeco to commence cancellation of the Surety Bonds, it must provide the Debtors and the Oligees with advance notice of its intention to cancel the Surety Bonds. This process has been construed as a "proceeding against the debtor" under section 362(a)(1). See In re Wegner Farms Company, 49 B.R. at 442 ("Merchants could not legally cancel the bond without giving 60 days' notice to . . . the Debtor. Although this procedure was informal and not judicial in nature, it nonetheless was a proceeding by Merchants to forfeit Debtor out of a valid extant contract."); see also In the Matter of Edwards Mobile Home Sales, Inc., 119 B.R. at 860; In re R.O.A.M., Inc., 15 B.R. 616 (Bankr. D. Nev. 1981). To the extent Safeco were to take any action to cancel the Surety Bonds (even if taken with the Debtors' consent), without seeking relief from the automatic stay, Safeco could violate the stay. See In re Wegner Farms Company, 49 B.R. at 442.

31. Accordingly, the Debtors and Safeco have determined that seeking relief from the automatic stay before Safeco may cancel the Surety Bonds is warranted.

**B. "Cause" Exists To Modify The Automatic Stay In Order To Cancel The Surety Bonds.**

32. Section 362(d)(1) of the Bankruptcy Code provides that "[o]n request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating annulling, modifying, or conditioning such stay - (1) for cause . . . ."

Additionally, Bankruptcy Code section 105 provides in pertinent part that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a).

33. While section 362(d)(1) does not explicitly define "cause" sufficient to modify the stay, generally courts must consider the particular circumstances of each case and determine whether relief is just to the claimants, the debtors, and the estate.

See In re Robbins, 964 F.2d 342, 345 (4<sup>th</sup> Cir. 1992) ("The court must balance potential prejudice to the bankruptcy debtor's estate against the hardships that

will be incurred by the person seeking relief from the automatic stay if relief is denied." ).

34. In determining whether cause exists to modify the automatic stay, courts in this district consider various factors, including:

(1) whether the issues in the pending litigation involve only state law, so the expertise of the bankruptcy court is unnecessary; (2) whether modifying the stay will promote judicial economy and whether there would be greater interference with the bankruptcy case if the stay were not lifted because matters would have to be litigated in bankruptcy court; and (3) whether the estate can be protected properly by a requirement that creditors seek enforcement of any judgment through the bankruptcy court.

Id., at 345.

35. The relevant factors weigh in favor of modifying the automatic stay to permit the Debtors and Safeco to commence cancellation of the Debtors' outstanding Surety Bonds. As previously discussed, the Debtors are in the process of liquidating their assets for the benefit of their creditors. Because the Debtors are in the process of winding down all of their ongoing business operations and will not emerge from Chapter 11 as going concerns, the Surety Bonds are no longer

necessary to protect the interests of the Surety Bond Obligees going forward. As a result, the Surety Bonds provide inconsequential value and no benefit to the Debtors and their estates at this crucial juncture in the Debtors' bankruptcy proceedings.

36. In addition, modifying the automatic stay will not interfere with these Chapter 11 cases nor prejudice the rights of the Surety Bond Obligees. The Surety Bonds must be cancelled in order to fully liquidate the Debtors' assets and their businesses. Modifying the automatic stay is necessarily one step in that process.

37. Moreover, the Debtors' liability under the Surety Bonds does not cease merely because the Surety Bonds are cancelled. No claim against any Surety Bond accruing and filed with Safeco prior to the Surety Bond's Cancellation Effective Date will be denied by or defended by the Debtors or Safeco solely on the basis that the Surety Bond has been cancelled. Indeed, pursuant to the Surety Bond Claim Deadline, the Surety Bond Obligees will have an additional sixty (60) after the Cancellation Effective Date to file a Surety Bond

Claim with Safeco. Therefore, the Surety Bond Obligees are adequately protected and their rights and remedies relative to the Surety Bonds are not prejudiced.

38. Accordingly, granting the relief requested herein is justified under Bankruptcy Code sections 105(a) and 362(d)(1).

**III. ESTABLISHING A SURETY BOND CLAIM DEADLINE IS FAIR AND REASONABLE UNDER THE CIRCUMSTANCES.**

39. Bankruptcy Code section 105 provides in pertinent part that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Establishing a Surety Bond Claim Deadline will allow the Debtors to quickly and efficiently identify liabilities of their respective bankruptcy estates. Prolonging the identification and evaluation of claims against the Debtors' estates will result in delay that potentially harms creditors and other parties in interest.

40. Moreover, the Debtors seek to avoid the possibility of dual recovery in these proceedings. Until all valid Surety Bond Claims are filed with and

paid by Safeco, it will be difficult for the Debtors to identify which Surety Bond Obligees have received payment on account of a valid Surety Bond Claim through Safeco, and which Obligees, if any, have the right to payment on account of an allowed claim under the applicable provisions of the Bankruptcy Code.

41. Additionally, in its capacity as surety, Safeco receives a release and assignment of the Surety Bond Obligees' Surety Bond Claims that Safeco pays, and Safeco has certain indemnity rights under the General Indemnity Agreement. Establishing a Surety Bond Claim Deadline will enable the Debtors and Safeco to resolve Safeco's rights and claims against the Debtors' estates under the General Indemnity Agreement and the various Surety Bonds, if any, in a timely and efficient manner.

42. Furthermore, establishing a Surety Bond Claim Deadline will not prejudice the Surety Bond Obligees. In accordance with the cancellation procedures described herein, any Obligee under a Surety Bond that is subject to cancellation by Safeco will receive a written Cancellation Notice from the Debtors along with Safeco's cancellation notice. The

Cancellation Notice will include the Surety Bond's Cancellation Effective Date. The Cancellation Effective Date applicable to each cancelled Surety Bond will occur sixty (60) days after the filing of the Cancellation Notice. In the event a Surety Bond, by its terms, requires more than sixty (60) days notice before the cancellation will be effective, the last day of the term prescribed by the Surety Bond will be that Surety Bond's Cancellation Effective Date. Once the Cancellation Effective Date is final, the Surety Bond Obligees will have an additional sixty (60) days in which to file a Surety Bond Claim with Safeco.

43. Because the Debtors are winding down their businesses, and have ceased operations, establishing a Surety Bond Claim Deadline that expires sixty (60) days after the Cancellation Effective Date has passed is more than sufficient time for any Surety Bond Obligee to file a Surety Bond Claim with Safeco. Therefore, it is fair and reasonable under the circumstances to require the Surety Bond Obligees to file Surety Bond Claims by the Surety Bond Claim Deadline, and that the failure of a Surety Bond Obligee

to file such a Surety Bond Claim shall release and discharge the Debtors and Safeco from any such Surety Bond Claim that could have been made by the Surety Bond Obligee, and any such Surety Bond Claim shall be barred against the Debtors and Safeco forever by court order.

44. Accordingly, it is in the best interests of the Debtors and their estates, and it is fair and reasonable under the circumstances, for the Court to establish a Surety Bond Claim Deadline.

**IV. SAFECO SHOULD BE DIRECTED TO RETURN THE SAFECO LC FUNDS AS EACH SURETY BOND IS CANCELLED.**

45. Bankruptcy Code section 105 provides in pertinent part that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). The Debtors request that the Court direct Safeco to return funds drawn from the Safeco LC as the Surety Bond Claim Deadline expires in the total penal sum of the Surety Bond cancelled, less any valid Surety Bond Claims made under the bond. Returning the unused portion of the Safeco LC funds to the Debtors upon the expiration of the Surety Bond Claim Deadline is in the



best interest of the Debtors and their estates, and will ultimately maximize distributions to creditors of the Debtors' bankruptcy estates.

46. Accordingly, the relief requested under section 105 is warranted in this instance.

**NOTICE**

47. Notice of this Motion has been provided to (i) those parties entitled to notice under this Court's Order Pursuant to Bankruptcy Code Sections 102 and 105, Bankruptcy Rules 2002 and 9007, and Local Bankruptcy Rules 2002-1 and 9013-1 Establishing Certain Notice, Case Management, and Administrative Procedures (Docket No. 130), (ii) counsel to Safeco, and (iii) the Surety Bond Obligees. The Debtors submit that, under the circumstances, no other or further notice need be given.

**WAIVER OF MEMORANDUM OF LAW**

48. Pursuant to Local Bankruptcy Rule 9013-1(G), and because there are no novel issues of law presented in the Motion and all applicable authority is set forth in the Motion, the Debtors request that the requirement that all motions be accompanied by a separate memorandum of law be waived.

**NO PRIOR REQUEST**

49. No previous request for the relief sought herein has been made to this Court or any other court.

**CONCLUSION**

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: September 25, 2009  
Richmond, Virginia

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Counsel for Debtors and  
Debtors in Possession

**EXHIBIT A**

**(General Indemnity Agreement)**



GENERAL AGREEMENT  
OF INDEMNITY

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
FIRST NATIONAL INSURANCE COMPANY OF AMERICA  
SAFECO NATIONAL INSURANCE COMPANY  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

THIS AGREEMENT is made by the Undersigned Corporation in favor of the Surety (as hereafter defined) for the purpose of indemnifying it from all loss and expense in connection with any Bonds for which it now is or hereafter becomes surety for the Undersigned Corporation, any company subsidiary to or controlled by the Undersigned Corporation (whether now owned or hereafter created or acquired) or any person, corporation, partnership or combination thereof for whom bonds are requested by an officer, broker or agent of record or designated employee of the Undersigned Corporation

**DEFINITIONS:** Where they appear in this agreement, the following terms shall be considered as defined below

**Bond:** Any and all bonds, undertakings or instruments of guarantee and any renewals or extensions thereof executed by Surety.

**Surety:** Any one or combination of the following: SAFECO Insurance Company of America; General Insurance Company of America; First National Insurance Company of America; SAFECO National Insurance Company; any person or company joining with any of the aforesaid companies in executing any Bond, executing any Bond at their request or providing reinsurance to them with respect to any Bond.

**INDEMNITY TO SURETY:** The Undersigned Corporation agrees to pay to Surety upon demand all loss and expense, including reasonable attorney fees, incurred by Surety by reason of having executed any Bond. An itemized statement of loss and expense incurred by Surety, sworn to by an officer of Surety, shall be prima facie evidence of the fact and extent of the liability of the Undersigned Corporation to Surety in any claim or suit by Surety against the Undersigned Corporation. Separate suits may be brought under this agreement as causes of action accrue, and the pendency or termination of any such suit shall not bar subsequent action by Surety

**GENERAL PROVISIONS:**

1. Surety shall have the right to decline to execute any Bond
2. Assent by Surety to changes in any Bond or refusal so to assent shall not release or affect the obligations of the Undersigned Corporation to Surety.
3. Surety shall have every right, defense or remedy which a personal surety without compensation would have, including the right to exoneration.
4. The Undersigned Corporation will on request of Surety procure the discharge of Surety from any Bond and all liability by reason thereof. If such discharge is unattainable, the Undersigned Corporation will, if requested by Surety, either deposit collateral with surety, acceptable to Surety, sufficient to cover all exposure under such bond or bonds, or make provisions acceptable to Surety for the funding of the bonded obligation(s).
5. The Undersigned Corporation will on request of Surety pay any premium due for any Bond, computed according to the rates currently charged by Surety, including renewal premiums until proof satisfactory to Surety is furnished of its discharge from liability under any Bond.
6. The Undersigned Corporation warrants that it is specifically and beneficially interested in the obtaining of each Bond.
7. Invalidity of any provision of this agreement by reason of the laws of any state, or for any other reason, shall not render the other provisions hereof invalid.
8. The Undersigned Corporation may cause a cessation of its indemnity so as not to cover any new Bonds for any of the entities for which it has indemnified under this agreement. To do so, the Undersigned Corporation must send written notice to Surety by registered or certified mail to SAFECO Insurance Company of America, Surety Department, SAFECO Plaza, Seattle, Washington 98185, stating in such notice the effective date (not less than 30 days after receipt of notice by Surety) of termination for future Bonds. Such notice shall not act to modify or discharge the liability of the Undersigned Corporation for any Bonds which are then in force or were previously approved

Executed this 9th day of July, 1992

CIRCUIT CITY STORES, INC.

(Corporate name)

By: Philip Dunn

(Signature)

Philip J. Dunn, Treasurer

(Name and title)

Attest

Grady L. Dixon

(Signature)

Grady L. Dixon, Risk Manager

(Name and title)

**CORPORATE ACKNOWLEDGMENT**

STATE OF Virginia

County Of Henrico } ss.:

On this 9th day of July, 1992, before me personally appeared

Philip Dunn and Grady L. Dixon, known by me to be the Treasurer and Risk Manager of the corporation executing the above instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned and on oath stated that the seal affixed is the seal of said corporation and that it was affixed and that they executed said instrument by authority of the Board of Directors of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my OFFICIAL SEAL the day and year first above written

(SEAL)

Janet McKee  
Notary Public, residing at Chesterfield Co., Va.

(Commission expires 2-28-95)

**EXHIBIT B**

**(List of Surety Bonds)**

**Exhibit B: List of Debtors' Surety Bonds**

<b>Obligee</b>	<b>Description</b>	<b>Bond No.</b>	<b>Bond Amount</b>	<b>Effective Date</b>
Jacksonville Electric Authority	Utility Bond	5732806-0000	\$40,600.00	6/6/2008
New Orleans Public Service	Utility Bond	5786559-0000	\$15,000.00	3/22/2009
Insurance Commissioner, State of Georgia	Extended Service Contract-Home Warranty Bond	5786563-0000	\$100,000.00	4/15/2008
Brownsville Public Utility Department	Utility Bond	5786564-0000	\$6,000.00	4/14/2008
North Little Rock Utilities Accounting Department	Utility Bond	5807614-0000	\$6,000.00	7/20/2008
Insurance Commissioner and Treasurer, State of Florida	Florida Home Warranty Bond	5807629-0000	\$100,000.00	8/27/2008
City of Lafayette Utility Systems	Utility Bond	5807637-0000	\$5,910.00	9/9/2008
City of Tallahassee, Credit/Collections Division	Utility Bond	5807638-0000	\$12,200.00	9/9/2008
State of Nevada	Nevada Retailer and/or User Bond	5807643-0000	\$1,442,987.00	9/19/2008
Massachusetts Turnpike Authority	Bond securing payment for use of MA Turnpike	5829483-0000	\$5,000.00	5/12/2008
Florida Power Corporation	Utility Bond	5860593-0000	\$99,775.00	12/18/2008
Orlando Utilities Commission	Utility Bond	5860601-0000	\$13,500.00	1/3/2009
Knoxville Utilities Board	Utility Bond	5869811-0000	\$8,000.00	4/12/2008
Kentucky Utilities Company	Utility Bond	5869813-0000	\$5,500.00	4/14/2008
Tampa Electric Company	Utility Bond	5876344-0000	\$86,000.00	7/8/2008
Huntsville Utilities	Utility Bond	5876418-0000	\$16,000.00	12/27/2008
United Cities Gas Companies	Utility Bond	5895705-0000	\$3,350.00	3/4/2008
City of Rocky Mount Collections	Utility Bond	5895708-0000	\$2,900.00	3/17/2008
Central Louisiana Electric Company	Utility Bond	5895710-0000	\$5,500.00	3/25/2008
Maine Turnpike Authority	Bond securing payment for use of ME Turnpike	5895711-0000	\$5,000.00	4/4/2009
Pennsylvania Turnpike Commission	Bond securing payment for use of PA Turnpike	5895712-0000	\$3,000.00	4/4/2008
Southwestern Power Company	Utility Bond	5910793-0000	\$4,600.00	9/27/2008
State of Nevada, State Contractors Board	License to do business as a Contractor in NV	5930784-0000	\$2,000.00	4/9/2008
TECO People's Gas	Utility Bond	5930806-0000	\$1,000.00	12/14/2008
Western Resources, Inc.	Utility Bond	5930808-0000	\$1,000.00	1/28/2009
New York State Thruway Authority	Extension of credit for use of New York Thruway	5930893-0000	\$1,000.00	10/8/2008

**Exhibit B: List of Debtors' Surety Bonds**

Obligee	Description	Bond No.	Bond Amount	Effective Date
Government of Nashville & Davidson City, Department of Water & Sewer	License and permit to maintain sprinkler system	5930905-0000	\$1,000.00	8/1/2008
Maine Turnpike Authority	Bond securing payment for use of ME Turnpike	5930908-0000	\$5,000.00	12/14/2008
South Carolina Public Service Authority (Santee Cooper)	Utility Bond	6088504-0000	\$14,000.00	11/1/2008
City of Vero Beach Utilities	Utility Bond	6088516-0000	\$14,000.00	12/19/2008
Electric Power Board of Chattanooga	Utility Bond	6088523-0000	\$8,600.00	1/10/2009
City of Lakeland, Department of Electricity & Water	Utility Bond	6088524-0000	\$14,000.00	1/10/2009
AEP/Public Service Company of Oklahoma	Utility Bond	6088526-0000	\$9,474.00	1/10/2009
Kansas City Power & Light Company	Utility Bond	6088527-0000	\$3,500.00	1/25/2009
Con Edison Company of New York	Utility Bond	6156367-0000	\$83,140.00	7/16/2008
City of Orlando and/or Orlando Utility Commission	Utility Bond	6189274-0000	\$5,000.00	6/17/2008
State of Indiana, Secretary of State, Notary Department	Notary Public Bond	6200155-0000	\$5,000.00	1/14/2003
Kentucky Utilities Company	Utility Bond	6216827-0000	\$5,000.00	10/2/2008
State of Nevada, Department of Taxation	Guaranty payment of taxes	6216840-0000	\$30,000.00	10/21/2008
Withlacoochee River Electric Cooperative, Inc.	Utility Bond	6275855-0000	\$12,000.00	8/4/2008
New York Department of Transportation	Permit for Installation and Operation of Traffic Signal	6305633-0000	\$10,000.00	10/21/2008
U.S. Customs Service, Department of Homeland Security	Importer Broker Bond	6327553-0000	\$1,000,000.00	6/24/2008
Progress Energy Carolinas	Utility Bond	6335771-0000	\$88,982.00	4/28/2008
Salt River Project Agricultural Improvement & Power District	Utility Bond	6335792-0000	\$150,804.00	5/10/2008
City of Miami Beach	License to do business as a mail order business	6355422-0000	\$5,000.00	8/11/2008
City of East Point, Finance Director	Utility Bond	6355484-0000	\$15,000.00	1/24/2009
Arizona Registrar of Contractors	License to do business as a residential contractor	6403858-0000	\$2,000.00	3/20/2008



**Exhibit B: List of Debtors' Surety Bonds**

<b>Obligee</b>	<b>Description</b>	<b>Bond No.</b>	<b>Bond Amount</b>	<b>Effective Date</b>
Arizona Registrar of Contractors	License to do business as a residential and commercial contractor	6403859-0000	\$52,500.00	8/16/2008
Hillsborough County, Construction License Team	License to do business as a contractor	6403862-0000	\$5,000.00	4/12/2008
State of Arizona, Department of Revenue	Taxpayer Bond	6403865-0000	\$2,000.00	4/19/2008
Frederick County, Maryland	License to do business as an electrical contractor	6403866-0000	\$10,000.00	4/19/2008
Washington Department of Labor and Industries, Department of Electric Licensing & Certification	Electrical/Telecommunications Contractors Bond	6403880-0000	\$4,000.00	6/20/2008
Arizona Registrar of Contractors	License for a Residential C-37R Built-In Central Vacuum System	6403889-0000	\$7,500.00	8/8/2008
Maryland Home Improvement Commission	License to do business as a home improvement contractor	6403890-0000	\$20,000.00	8/8/2008
New Mexico Regulation and License Department	License to do business as a contractor	6403901-0000	\$5,000.00	9/14/2008
Iowa Division of Labor	License to do business as an out of state contractor	6403902-0000	\$50,000.00	9/14/2008
State of Delaware, Division of State Police	License to business in security systems and protective services	6403907-0000	\$10,000.00	10/6/2006
Arizona Department of Insurance	License to sell service contracts	6403908-0000	\$100,000.00	10/17/2008
California Registrar, Contractors State License Board	Contractors Licensing Bond	6403909-0000	\$12,500.00	3/12/2007
Oregon Construction Contractors Board	License to do business as a contractor	6403922-0000	\$15,000.00	6/15/2008
Minnesota Department of Labor and Industry	Technology System Contractor Bond	6457116-0000	\$25,000.00	8/1/2008
Nevada State Contractors Board	Contractors Licensing Bond	6457119-0000	\$30,000.00	2/15/2009
Arizona Department of Revenue	Contractor Taxpayer Bond	6457128-0000	\$2,000.00	9/6/2008
California Registrar, Contractors State License Board	Bond of Qualifying Individual	6457129-0000	\$12,500.00	3/16/2007
California Registrar, Contractors State License Board	Bond of Qualifying Individual	6457130-0000	\$12,500.00	3/16/2007
California Registrar, Contractors State License Board	Bond of Qualifying Individual	6457131-0000	\$12,500.00	3/16/2007
California Registrar, Contractors State License Board	Bond of Qualifying Individual	6457132-0000	\$12,500.00	3/16/2007

**Exhibit B: List of Debtors' Surety Bonds**

<b>Obligee</b>	<b>Description</b>	<b>Bond No.</b>	<b>Bond Amount</b>	<b>Effective Date</b>
California Registrar, Contractors State License Board	Bond of Qualifying Individual	6457133-0000	\$12,500.00	3/16/2007
Oklahoma Tax Commission	Sales Tax Surety Bond	6457154-0000	\$500.00	12/7/2008
Missouri Gas Energy	Utility Bond	6457176-0000	\$1,350.00	7/17/2008
GreyStone Power Corporation	Utility Bond	6457178-0000	\$2,500.00	8/6/2008
City of Dover, Delaware	Utility Bond	6489799-0000	\$9,000.00	8/23/2008
Kissimmee Utility Authority	Utility Bond	6489803-0000	\$35,000.00	9/11/2008
Knoxville Utilities Board	Utility Bond	6489808-0000	\$2,000.00	10/11/2008
Progress Energy Corporation	Utility Bond	6489809-0000	\$52,115.00	10/17/2008
Puerto Rico Electric Power Authority	Utility Bond	6489815-0000	\$41,760.00	11/16/2008
Illinois Worker's Compensation Commission	Bond - Certiorari-Worker's Compensation Commission	6489816-0000	\$74,200.00	12/14/2008
Lee County Electric Cooperative	Utility Bond	6489819-0000	\$12,100.00	1/4/2009
Dixie Electric Cooperative	Utility Bond	6489824-0000	\$12,210.00	1/23/2009
Duke Power	Utility Bond	6489825-0000	\$133,700.00	1/18/2009
Puerto Rico Electric Power Authority	Utility Bond	6489827-0000	\$36,000.00	1/31/2009
City of Alcoa	Utility Bond	6489833-0000	\$12,000.00	3/4/2008
Dominion Virginia Power	Utility Bond	6489834-0000	\$482,565.00	3/5/2009
Knoxville Utilities Board	Utility Bond	6489835-0000	\$15,500.00	3/6/2009
Clarksville Department of Electricity	Utility Bond	6489844-0000	\$13,400.00	4/15/2008
Georgia Department of Driver Services	License to Operate an Ignition Interlock Provider Center	6489845-0000	\$120,000.00	4/17/2008
New York Department of State	Games of Chance Surety Bond	6489848-0000	\$5,550.00	4/30/2008
Arizona Public Service	Utility Bond	6489851-0000	\$177,000.00	5/22/2008
Puerto Rico Electric Power Authority	Utility Bond	6489872-0000	\$23,850.00	9/24/2008
New York Department of State	Games of Chance Surety Bond	6489874-0000	\$11,500.00	10/8/2008
New York Department of State	Games of Chance Surety Bond	6489875-0000	\$24,500.00	10/8/2008
Utility Board of City of Foley d/b/a Riveria Utilities	Utility Bond	6489878-0000	\$10,000.00	10/15/2008
Gulf Power Company	Utility Bond	6489885-0000	\$34,540.00	11/5/2008
New York Department of State	Games of Chance Surety Bond	6489886-0000	\$7,140.00	11/5/2008
New York State Electric & Gas	Utility Bond	6489887-0000	\$56,405.00	11/5/2008
Entergy Arkansas, Inc.	Utility Bond	6489888-0000	\$16,850.00	11/5/2008

**Exhibit B: List of Debtors' Surety Bonds**

<b>Obligee</b>	<b>Description</b>	<b>Bond No.</b>	<b>Bond Amount</b>	<b>Effective Date</b>
Entergy Gulf States Louisiana, LLC	Utility Bond	6489889-0000	\$55,550.00	11/5/2008
Entergy Mississippi, Inc.	Utility Bond	6489890-0000	\$50,000.00	11/5/2008
Entergy Louisiana, LLC	Utility Bond	6489891-0000	\$81,390.00	11/5/2008
New York Department of State	Games of Chance Surety Bond	6581613-0000	\$5,400.00	9/16/2008
Allegheny Power	Utility Bond	6581614-0000	\$83,243.00	9/16/2008

Exhibit C

(Cancellation Notice)

Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM,  
LLP  
One Rodney Square  
PO Box 636  
Wilmington, Delaware 19899-0636  
(302) 651-3000

Dion W. Hayes (VSB No. 34304)  
Douglas M. Foley (VSB No. 34364)  
MCGUIREWOODS LLP  
One James Center  
901 E. Cary Street  
Richmond, Virginia 23219  
(804) 775-1000

- and -

Chris L. Dickerson, Esq.  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM,  
LLP  
155 North Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

Counsel to the Debtors and Debtors in  
Possession

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

- - - - - x  
In re: : Chapter 11  
:  
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)  
et al., :  
:  
Debtors. :  
- - - - - x

**NOTICE OF SURETY BOND CANCELLATION**

**TO POTENTIAL HOLDERS OF SURETY BOND CLAIMS:**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

**THE FACT THAT YOU RECEIVED THIS NOTICE DOES NOT MEAN THAT YOU  
HAVE A SURETY BOND CLAIM OR MUST FILE A SURETY BOND CLAIM -  
PLEASE READ THE FOLLOWING CAREFULLY**

PLEASE TAKE NOTICE that, on [month day], 2009, the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") entered the Order Pursuant to Bankruptcy Code Sections 105, 362(d)(1), and 365(a), Federal Bankruptcy Rules 4001 and 6006, and Local Bankruptcy Rule 4001 (I) Authorizing Rejection of Surety Bonds, (II) Modifying the Automatic Stay for the Limited Purpose of Allowing Safeco Insurance Company of America to Commence Cancellation of Surety Bonds, and (III) Establishing Surety Bond Claim Deadline. (D.I.

[], the "Order").<sup>1</sup> A copy of the Order is attached hereto as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that the Order authorized the debtors and debtors in possession (the "Debtors")<sup>2</sup> to cancel certain Surety Bonds upon notice to the Surety Bond Obligees, without further Court approval. The Debtors hereby provide notice of the Debtors' intent to cause Safeco Insurance Company of America ("Safeco") to cancel the Surety Bond(s) identified on Exhibit 2, as of [Month day, 2009], the **Cancellation Effective Date**.

PLEASE TAKE FURTHER NOTICE that, Exhibit 2 is deemed to be Safeco's required written notice to the Surety Bond Obligee of Safeco's intent to cancel the Surety Bond in accordance with the terms of the Surety Bond.

PLEASE TAKE FURTHER NOTICE that, the Order requires all persons or entities holding a claim on account of or related to their Surety Bond to file a Surety Bond Claim with Safeco so that such Surety Bond Claim is received by **5:00 p.m., Pacific Time, on [Month Day], 2009 -- the Surety Bond Claim Deadline --** at the following address if delivered by mail, hand delivery or overnight courier:

**Safeco Insurance Company of America  
1001 4th Ave.  
Seattle, WA 98154**

**Katie Bradshaw  
Circuit City Stores, Inc.**

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Order.

<sup>2</sup> The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

4951 Lake Brook Drive  
Glen Allen, VA 23060

**DO NOT FILE YOUR SURETY BOND CLAIM WITH THE BANKRUPTCY COURT.**

**INFORMATION THAT MUST BE INCLUDED WITH  
YOUR SURETY BOND CLAIM**

To be considered, each Surety Bond Claim must (a) be in writing, (b) be denominated in lawful United States Currency, (c) set forth with specificity the factual basis for the Surety Bond Claim, and (c) have attached to it supporting documentation upon which the claimant will rely to support the Surety Bond Claim.

**CONSEQUENCES OF FAILURE TO FILE  
SURETY BOND CLAIM**

Any holder of a Surety Bond Claim that is eligible to file (but fails to file) a Surety Bond Claim in accordance with the procedures set forth herein on or before the Surety Bond Claim Deadline (a) shall be forever barred, estopped, and enjoined from asserting any Surety Bond Claim against the Debtors and Safeco, and (b) shall not be permitted to receive payment from the Debtors or Safeco on account of the Surety Bond Claim or otherwise under the applicable Surety Bond.

**TIME AND PLACE FOR FILING SURETY BOND CLAIMS**

A signed original of Surety Bond Claim, together with accompanying documentation, must be delivered so as to be received no later than 5:00 p.m., Pacific Time on [Month Day], 2009, at the following address by mail, hand delivery or overnight courier:

Safeco Insurance Company of America  
1001 4th Ave.  
Seattle, WA 98154

Katie Bradshaw  
Circuit City Stores, Inc.  
4951 Lake Brook Drive  
Glen Allen, VA 23060

Any Surety Bond Claim submitted by facsimile or other electronic means will not be accepted and will not be deemed filed until such Surety Bond Claim is submitted by the method

**described in the foregoing sentence. Surety Bond Claims will be deemed filed only when actually received at the address listed above.**

Dated: [Month Day], 2009 SKADDEN, ARPS, SLATE, MEAGHER &  
Richmond, Virginia FLOM, LLP  
Gregg M. Galardi, Esq.  
Ian S. Fredericks, Esq.  
P.O. Box 636  
Wilmington, Delaware 19899-0636  
(302) 651-3000

- and -

SKADDEN, ARPS, SLATE, MEAGHER &  
FLOM, LLP  
Chris L. Dickerson, Esq.  
155 North Wacker Drive  
Chicago, Illinois 60606  
(312) 407-0700

- and -

MCGUIREWOODS LLP

---

Dion W. Hayes (VSB No. 34304)  
Douglas Foley (VSB No. 34364)  
One James Center  
901 E. Cary Street  
Richmond, Virginia 23219  
(804) 775-1000

Counsel for Debtors and Debtors  
in Possession



**EXHIBIT 1**

**(Order)**

**EXHIBIT 2**

**(Safeco's Notice of Cancelled Surety Bonds)**